

ASSEMBLY BILL

No. 2809

Introduced by Assembly Member Longville

February 25, 2002

An act to amend Section 6357.1 of the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 2809, as introduced, Longville. Sales and use taxes: exemption: diesel.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property. That law provides various exemptions from that tax, including an exemption for diesel fuel used in farming activities and food processing.

This bill would clarify, for purposes of the diesel fuel sales and use tax exemption, the definition of farming activities.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: ²/₃. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 6357.1 of the Revenue and Taxation
- 2 Code is amended to read:
- 3 6357.1. (a) There are exempted from the taxes imposed by
- 4 this part, the gross receipts from the sale in this state of, and the

1 storage, use, or other consumption in this state of, diesel fuel used
2 in farming activities and food processing. This section shall be
3 implemented as soon as possible, but in no case later than
4 September 1, 2001.

5 (b) For purposes of this section, ~~“farming section:~~

6 (1) “Farming activities” has the same meaning as “farming
7 business” as set forth in Section 263A of the Internal Revenue
8 Code. “Farming activities” also includes the transportation and
9 delivery of farm products to the marketplace, *whether that*
10 *transportation and delivery is made by a person directly engaged*
11 *in a “farming business” as set forth in Section 263A of the Internal*
12 *Revenue Code, or by that person’s agent.*

13 (2) “Marketplace” means *the first place at which both of the*
14 *following conditions are met:*

15 (A) *Title to the farm products has been or is transferred.*

16 (B) *Possession of the farm products is transferred to a person*
17 *not engaged in a “farming business” as set forth in Section 263A*
18 *of the Internal Revenue Code.*

19 (c) The exemption established by this section does not apply
20 with respect to either of the following:

21 (1) A tax imposed under the Bradley-Burns Uniform Local
22 Sales and Use Tax Law (Part 1.5 (commencing with Section
23 7200)) or in accordance with the Transactions and Use Tax Law
24 (Part 1.6 (commencing with Section 7251)).

25 (2) A tax imposed under Section 6051.2 or 6201.2, or under
26 Section 35 of Article XIII of the California Constitution.

27 SEC. 2. This act is an urgency statute necessary for the
28 immediate preservation of the public peace, health, or safety
29 within the meaning of Article IV of the Constitution and shall go
30 into immediate effect. The facts constituting the necessity are:

31 In order to provide immediate clarification and guidance to
32 taxpayers that are suffering severe economic hardship, it is
33 necessary that this act go into immediate effect.